



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WEBSTER COUNTY
SHERIFF'S SETTLEMENT - 1999 TAXES
SHERIFF'S SETTLEMENT - 1997, 1998, 1999 UNMINED COAL TAXES
SHERIFF'S SETTLEMENT - 1998, 1999 DITCH TAXES**

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

WEBSTER COUNTY KENNETH STOREY, SHERIFF

SHERIFF'S SETTLEMENT - 1999 TAXES SHERIFF'S SETTLEMENT - 1997, 1998, 1999 UNMINED COAL TAXES SHERIFF'S SETTLEMENT - 1998, 1999 DITCH TAXES

Audit Opinion:

We have issued an unqualified opinion in our independent auditor's report. Our report contains no comments or recommendations.

Financial Statements:

The Webster County Sheriff's office collected taxes of \$4,410,841 and paid the districts \$4,207,246. The Sheriff's office earned commissions of \$171,764 for collecting these taxes. As of the completion of fieldwork, the sheriff's office owes the county \$833, school district \$1,591, state \$625, library district \$145, health district \$91, and extension district \$107.

Notes To The Financial Statements:

The Webster County Sheriff earned \$3,086 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 1999 TAXES	3
SHERIFF'S SETTLEMENT - 1997 UNMINED COAL TAXES.....	5
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES.....	6
SHERIFF'S SETTLEMENT - 1999 UNMINED COAL TAXES.....	7
SHERIFF'S SETTLEMENT - 1998 DITCH TAXES.....	8
SHERIFF'S SETTLEMENT - 1999 DITCH TAXES.....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	15



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable James R. Townsend, Webster County Judge/Executive

Honorable Kenneth Storey, Webster County Sheriff

Members of the Webster County Fiscal Court

Independent Auditor's Report

We have audited the Webster County Sheriff's Settlement - 1999 Taxes as of August 14, 2000; Sheriff's Settlement - 1997 Unmined Coal Taxes as of February 22, 1999; Sheriff's Settlement - 1998 Unmined Coal Taxes as of March 6, 2000; Sheriff's Settlement - 1999 Unmined Coal Taxes as of September 25, 2000; Sheriff's Settlement - 1998 Ditch Taxes as of October 9, 2000; and Sheriff's Settlement - 1999 Ditch Taxes as of September 25, 2000. These tax settlements are the responsibility of the Webster County Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted Government Auditing Standards and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Webster County Sheriff's taxes charged, credited, and paid as of August 14, 2000, February 22, 1999, March 6, 2000, September 25, 2000, October 9, 2000, and September 25, 2000, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable James R. Townsend, Webster County Judge/Executive

Honorable Kenneth Storey, Webster County Sheriff

Members of the Webster County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 17, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
October 17, 2000

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES

August 14, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 459,942	\$ 240,450	\$ 1,144,430	\$ 398,402
Tangible Personal Property	83,072	57,514	215,045	218,248
Intangible Personal Property				19,106
Fire Protection	1,301			
Franchise Corporation	94,482	58,319	240,232	
Bank Franchise Corporation	63,340			
Additional Bills	575	289	1,403	500
Increased Through Erroneous Assessments	44	23	104	38
Oil, Mineral, and Timber	2,559	1,287	6,494	2,215
Penalties	7,832	4,250	19,496	9,792
Adjusted to Sheriff's Receipt	<u>(300)</u>	<u>(132)</u>	<u>165</u>	<u>(287)</u>
Gross Chargeable to Sheriff	<u>\$ 712,847</u>	<u>\$ 362,000</u>	<u>\$ 1,627,369</u>	<u>\$ 648,014</u>
<u>Credits</u>				
Discounts	\$ 7,988	\$ 3,691	\$ 16,825	\$ 7,803
Exonerations	2,839	1,629	7,080	2,458
Delinquents:				
Real Estate	13,318	6,700	31,268	11,517
Tangible Personal Property	804	682	3,172	2,169
Intangible Personal Property				59
Total Credits	<u>\$ 24,949</u>	<u>\$ 12,702</u>	<u>\$ 58,345</u>	<u>\$ 24,006</u>
Net Tax Yield	\$ 687,898	\$ 349,298	\$ 1,569,024	\$ 624,008
Less: Commissions *	<u>29,523</u>	<u>14,845</u>	<u>54,916</u>	<u>26,808</u>
Net Taxes Due	\$ 658,375	\$ 334,453	\$ 1,514,108	\$ 597,200
Taxes Paid	650,886	330,412	1,494,828	596,486
Refunds (Current and Prior Year)	<u>6,718</u>	<u>3,751</u>	<u>17,834</u>	<u>136</u>
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 771</u>	<u>\$ 290</u>	<u>\$ 1,446</u>	<u>\$ 578</u>

* and ** See Page 4

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES
August 14, 2000
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	1,651,204
3.5% on	\$	1,569,024

** Special Taxing Districts:

Library District	\$	102
Health District		90
Extension District		<u>98</u>
Due Districts	\$	<u><u>290</u></u>

The accompanying notes are an integral part of the financial statements.

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1997 UNMINED COAL TAXES

February 22, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for				
Unmined Coal	\$ 71,155	\$ 33,289	\$ 183,922	\$ 65,330
1992 Additional Bills	3,816	1,162	10,209	4,472
1993 Additional Bills	2,282	710	6,089	2,616
Penalties	74	35	192	68
	<u>77,327</u>	<u>35,196</u>	<u>200,412</u>	<u>72,486</u>
Gross Chargeable to Sheriff	\$ 77,327	\$ 35,196	\$ 200,412	\$ 72,486
<u>Credits</u>				
Discounts	\$ 1,251	\$ 585	\$ 3,233	\$ 1,148
Exonerations	82	38	211	75
Delinquents	1,181	549	3,056	1,090
	<u>2,514</u>	<u>1,172</u>	<u>6,500</u>	<u>2,313</u>
Total Credits	\$ 2,514	\$ 1,172	\$ 6,500	\$ 2,313
Net Tax Yield	\$ 74,813	\$ 34,024	\$ 193,912	\$ 70,173
Less: Commissions *	<u>3,180</u>	<u>1,446</u>	<u>6,787</u>	<u>2,982</u>
Net Taxes Due	\$ 71,633	\$ 32,578	\$ 187,125	\$ 67,191
Taxes Paid	<u>71,584</u>	<u>32,555</u>	<u>186,996</u>	<u>67,149</u>
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 49</u>	<u>\$ 23</u>	<u>\$ 129</u>	<u>\$ 42</u>
* Commissions:				
4.25% on	\$ 179,010			
3.5% on	\$ 193,912			
** Special Taxing Districts:				
Library District		\$ 8		
Health District		7		
Extension District		<u>8</u>		
Due Districts		<u>\$ 23</u>		

The accompanying notes are an integral part of the financial statements

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES

March 6, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for				
Unmined Coal	\$ 67,509	\$ 32,768	\$ 173,312	\$ 60,403
Omitted Taxes	26,844	8,366	69,197	31,413
Omitted Penalty and Interest	11,916	3,665	30,471	14,036
Penalties	49	22	125	64
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Chargeable to Sheriff	\$ 106,318	\$ 44,821	\$ 273,105	\$ 105,916
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Credits</u>				
Discounts	\$ 1,296	\$ 629	\$ 3,326	\$ 1,159
Exonerations	93	46	240	84
Delinquents	1,273	540	3,316	1,261
Delinquent Penalty and Interest	264	72	854	384
Delinquents	75	23	192	88
	<hr/>	<hr/>	<hr/>	<hr/>
Total Credits	\$ 3,001	\$ 1,310	\$ 7,928	\$ 2,976
	<hr/>	<hr/>	<hr/>	<hr/>
Net Tax Yield	\$ 103,317	\$ 43,511	\$ 265,177	\$ 102,940
Less: Commissions *	4,391	1,849	9,281	4,375
	<hr/>	<hr/>	<hr/>	<hr/>
Net Taxes Due	\$ 98,926	\$ 41,662	\$ 255,896	\$ 98,565
Taxes Paid	98,926	41,635	255,896	98,566
	<hr/>	<hr/>	<hr/>	<hr/>
Due District or (Refund Due Sheriff)		**		
as of Completion of Fieldwork	\$ 0	\$ 27	\$ 0	\$ (1)
	<hr/>	<hr/>	<hr/>	<hr/>
* Commissions:				
4.25% on \$ 249,768				
3.5% on \$ 265,177				
** Special Taxing Districts:				
Library District		\$ 34		
Health District		<hr/> (7)		
Due District or (Refund Due Sheriff)		<hr/> \$ 27		

The accompanying notes are an integral part of the financial statements.

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1999 UNMINED COAL TAXES

September 25, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for Unmined Coal	\$ 57,093	\$ 28,713	\$ 144,901	\$ 49,413
Penalties	384	193	975	333
Gross Chargeable to Sheriff	<u>\$ 57,477</u>	<u>\$ 28,906</u>	<u>\$ 145,876</u>	<u>\$ 49,746</u>
<u>Credits</u>				
Discounts	\$ 981	\$ 494	\$ 2,489	\$ 849
Exonerations	46	23	117	40
Delinquents	708	356	1,797	613
Total Credits	<u>\$ 1,735</u>	<u>\$ 873</u>	<u>\$ 4,403</u>	<u>\$ 1,502</u>
Net Tax Yield	\$ 55,742	\$ 28,033	\$ 141,473	\$ 48,244
Less: Commissions *	<u>2,369</u>	<u>1,191</u>	<u>4,952</u>	<u>2,050</u>
Net Taxes Due	\$ 53,373	\$ 26,842	\$ 136,521	\$ 46,194
Taxes Paid	<u>53,367</u>	<u>26,839</u>	<u>136,505</u>	<u>46,188</u>
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 6</u>
* Commissions:				
4.25% on	\$ 132,019			
3.5% on	\$ 141,473			
** Special Taxing Districts:				
Library District		\$ 1		
Health District		1		
Extension District		<u>1</u>		
Due Districts		<u>\$ 3</u>		

The accompanying notes are an integral part of the financial statements.

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1998 DITCH TAXES

October 9, 2000

<u>Charges</u>	<u>County Drainage Taxes</u>
Sheriff's Official Receipt for Ditch Taxes	\$ 10,978
Gross Chargeable to Sheriff	\$ 10,978
<u>Credits</u>	
Delinquents	\$ 1,290
Total Credits	\$ 1,290
Net Tax Yield	\$ 9,688
Less: Commissions *	412
Net Taxes Due	\$ 9,276
Taxes Paid	9,269
Due County as of Completion of Fieldwork	\$ 7
* Commissions:	
4.25% on \$ 9,688	

The accompanying notes are an integral part of the financial statements.

WEBSTER COUNTY
KENNETH STOREY, SHERIFF
SHERIFF'S SETTLEMENT - 1999 DITCH TAXES

September 25, 2000

<u>Charges</u>	<u>County Drainage Taxes</u>
Sheriff's Official Receipt for	
Ditch Taxes	\$ 10,957
Penalties	<u>31</u>
Gross Chargeable to Sheriff	<u>\$ 10,988</u>
 <u>Credits</u>	
Delinquents	<u>\$ 1,422</u>
Total Credits	<u>\$ 1,422</u>
Net Tax Yield	\$ 9,566
Less: Commissions *	<u>407</u>
Net Taxes Due	\$ 9,159
Taxes Paid	<u>9,159</u>
Due County as of	
Completion of Fieldwork	<u><u>\$ 0</u></u>

* Commissions:

 4.25% on \$ 9,566

The accompanying notes are an integral part of the financial statements

WEBSTER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

August 14, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of August 14, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided a surety bond which named the Sheriff as beneficiary/obligee on the bond.

WEBSTER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
August 14, 2000
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 1999 through May 15, 2000.

1997 Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1997. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was March 1, 1998 through November 30, 1998.

1998 Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1998. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 13, 1999 through September 13, 1999.

1999 Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1999. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 5, 2000 through September 15, 2000.

1998 Ditch Taxes

The tangible property tax assessments were levied as of January 1, 1998. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 1, 1998 through March 26, 1999.

1999 Ditch Taxes

The tangible property tax assessments were levied as of January 1, 1999. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 1999 through May 15, 2000.

Note 4. Interest Income

The Webster County Sheriff earned \$3,086 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable James R. Townsend, Webster County Judge/Executive
Honorable Kenneth Storey, Webster County Sheriff
Members of the Webster County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Webster County Sheriff's Settlement - 1999 Taxes as of August 14, 2000; Sheriff's Settlement - 1997 Unmined Coal Taxes as of February 22, 1999; Sheriff's Settlement - 1998 Unmined Coal Taxes as of March 6, 2000; Sheriff's Settlement - 1999 Unmined Coal Taxes as of September 25, 2000; Sheriff's Settlement - 1998 Ditch Taxes as of October 9, 2000; and Sheriff's Settlement - 1999 Ditch Taxes as of September 25, 2000. We have issued our report thereon dated October 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Webster County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable James R. Townsend, Webster County Judge/Executive
Honorable Kenneth Storey, Webster County Sheriff
Members of the Webster County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 17, 2000

